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53



## Rise of Bitcoin

Highlights of this issue

Interview with CEO of FIT  
Solutions Koray Bahar

Blockchain

## RISE OF BITCOIN



### What is Bitcoin?

Bitcoin is a digital (crypto) currency that is not associated with any central bank or official organization and it can be transferred without the need of a third party.

### Who Found It?

Bitcoin is developed in 2008 by the person known as Satoshi Nakamoto who's identity is not certain. He described the substructure of this developed technology as P2P (Peer to Peer) crypto currency and he gave the name "Bitcoin". The symbol of Bitcoin is ₿, and the abbreviation is **BTC**.

### How Can It Be Obtained and Used?

Bitcoin is not monetized or produced by the central bank like real currencies. Bitcoin exists in the digital world and exchanges on its own network of Blockchain without a third party. Bitcoin is produced by Satoshi Nakamoto's software of a special mathematical that is called Bitcoin mining. Bitcoin can also be obtained through purchasing, bartering and Bitcoin stock markets. This currency can be transferred between any two people without any time restriction and any charge because it does not need any organization. You may shop in places which accept bitcoin like the use of physical money but you need to create a wallet. You may shop, receive and send money with this wallet which can be created in an unlimited number by any mobile device.

### What Is The Market Value?

The value of Bitcoin depends on supply and demand conditions in the market. The value increases when demand rises because there are limited numbers of Bitcoins on the market and also there is a predetermined procedure and limit to obtain new Bitcoins. Bitcoin's value has risen above \$1000 and the last 24-hour transaction volume is about \$18 million as of February 7.

### Is There a Bitcoin Bitcoin Stock Market?

The people who have Bitcoin can make exchanges in Bitcoin stock markets. The first known Bitcoin stock market is Bitstamp based in Luxembourg. There is no Bitcoin stock market that serves around the world. However, there are various Bitcoin stock markets which were established accordingly with national laws including Turkey.

### Is The Number of Bitcoin Limited?

The maximum number of Bitcoin that shall be created by the system is 21 (twenty one) million. The number of Bitcoin that is obtained until now is about 16 (sixteen) million and this amount of Bitcoin is increasing within the decreasing rate.

### Is Bitcoin Legal?

Bitcoin is legal in most countries of the world such as United States, United Kingdom and Turkey. However, it is forbidden in some governments because it is difficult to track transactions due to the closed system. For

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example, it is not legal to use Bitcoin in some countries such as Iceland, Thailand and Ecuador. In the countries that Bitcoin is legal, there are various studies to integrate (including transparency and taxation) Bitcoin into the system but these studies are informative now. The first official declaration about Bitcoin in Turkey was released by Turkish Banking Regulation and Supervision Agency (BRSA) on 25 November 2013. It was stated that Bitcoin is not accepted as an electronic money and it can easily be used in illegal activities. Subsequently, the detailed research report about Bitcoin was published by Research Department of Capital Markets Board of Turkey (CMB) on December 2016.

Because of high transaction volume and increasing value of Bitcoin, countries try to control Bitcoin on one hand while making profit by releasing on the other hand. Regulatory and supervisory agencies carry out various researches since it is difficult to follow transaction and it is anonymous. In our opinion, Bitcoin will provide a more transparent and secure structure since the goal of the researches is not bringing prohibition or restriction.

## **Interview with CEO of FIT Solutions Koray Bahar**

Technology develops easier day by day and brings many innovations. In recent years, digital currencies which are one of the most important developments for many sectors are being discussed. Contrary to the ongoing organization, Bitcoin is a digital money that cannot be produced or controlled by the government. We made an interview about the position and potential future of Bitcoin with Koray Bahar, managing partner and CEO of FIT Solutions which is one of the leading companies in e-Transformation sector.

### **1- There are several definitions concerning Bitcoin. How would you describe Bitcoin?**

Bitcoin is a Digital Money unit which is generated and hosted electronically. Nobody controls Bitcoin; neither Central Bank nor governments or banks. It is a method suggested by a software developer, Satoshi Nakamoto. This method is described as a payment system based on mathematical proof. One of the best features is the fact that only 21 million bitcoins can be produced with this mathematical method, nothing more; and this feature enriches Bitcoin. Bitcoin is anonymous. If you want to transfer bitcoins to someone, you input the wallet code via your cyber wallet. Thereby, anyone can know who sends Bitcoins as long as they do not know the wallet code. These are the main features of Bitcoin.

### **2- Do you think that Bitcoin can change the conventional money system based on Lydians?**

I would say no, because Bitcoin does not have the ability or the aim to move as a reserve money unit or a core power. Bitcoin's goal is to provide an untraceable transfer data (bitcoin) system without any necessity of an establishment or contact. These may be appreciable features for some of the firms or individuals, but not for the big companies or governments.

### **3- Will we see Bitcoin in trade?**

Various e-commerce web sites and even physical stores accept Bitcoin and give services or products in return. Even though it is tried to be tripped up by some countries, it is not precluded because of the lack of related developed regulations. One of the best advantages of Bitcoin usage in commercial life is



low commission charges. No commission payment is required due to the nonappearance of intermediary firms as banks. The lowness of the profit margins promotes the firms to use Bitcoin nowadays.

#### **4- Does Bitcoin have a future in Turkey?**

I believe that Bitcoin would get into market in Turkey as it got in the world. There are talented people who can make both local and global moves in the ecosystem of entrepreneurship in Turkey. Blockchain practices will be available for use especially in banking, finance and population operations in our country.



Blockchain is another phrase which's popularity, as a financial value, increases day by day. While the actual effect of Blockchain, which entered into our lives with Bitcoin, on traditional banking is not yet certain, arguing what Blockchain is and its function is inevitable.

#### **What is Blockchain and How It Works?**

Blockchain provides the follow-up of encrypted transactions and it is an advanced network technology which is not connected to any center. In this system, the data connect each other as to form a block and the approval of blocks is needed for the data transfers or changes that occur later on. The transactions safely occur directly between the buyer and the seller via connected blocks. The biggest difference of blockchain from the current systems is that it does not need any intermediary and the low cost attracts the attention of banks.

#### **Who Uses It?**

The crypto currency Bitcoin uses Blockchain network but unlike common belief Blockchain is not a network only used by Bitcoin. Institutions and organizations in different fields except Bitcoin and use this network infrastructure. In the future, it is predicted that Blockchain infrastructure will be used in health, e-commerce, government agencies and financial markets.

#### **Is Blockchain Safe?**

Blockchain provides the opportunity to system users to operate over a distributed data network. This situation makes it possible to transfer the important sensitive data safely and anonymous access. In addition, fraud possibility decreases since the transactions in the system are controlled by multiple points because of interconnected blocks. Because of the positive aspects, various companies, mainly banks and payment agencies, work on passing to Blockchain infrastructure. The biggest problem of the system is applicability since the system is built variably by several softwares. This situation prevents forming a standard. Therefore, some financial institutions aspire to create a common infrastructure in order to avoid this problem.



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# Answers. Not theories.

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### About our firm

Gokce Yaralı Attorney Partnership is an Istanbul-based law firm offering legal services across a broad range of practice areas including mergers and acquisitions, joint ventures, private equity and venture capital transactions, banking and finance, capital markets, insurance, technology, media, telecoms and internet, e-commerce, data protection, intellectual property, regulatory, real property, and commercial litigation. Please visit our web site at [www.gokce.av.tr](http://www.gokce.av.tr) for further information on our legal staff and expertise.

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